

Message Text

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PAGE 01 TOKYO 03493 180629Z

15

ACTION EB-07

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AMEMBASSY BRUSSELS

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AMCONSUL HONG KONG

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AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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DEPT. PASS TREASURY, CEA AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN FEBRUARY - PROVISIONAL

1. A SUBSTANTIAL TRADE SURPLUS AND A LARGE NET INFLOW OF FOREIGN CAPITAL BROUGHT JAPAN'S CURRENT ACCOUNT AND BASIC BALANCES BACK INTO SURPLUS IN FEB, WITH A STRONG SEASONAL RECOVERY FROM THE NORMAL JAN DEFICIT. CURRENT ACCOUNT BALANCE AND BASIC BALANCE REGISTERED SURPLUSES OF \$140 MIL AND \$380 MIL, RESPECTIVELY.

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PAGE 02 TOKYO 03493 180629Z

2. THE LONG-TERM CAPITAL ACCOUNT REGISTERED A \$240 MIL

SURPLUS, A SHARP IMPROVEMENT FROM THE \$198 MIL DEFICIT OF THE PRIOR MONTH. EXCEPT FOR SEPT AND OCT 1974 (WHEN \$500 MIL FOREIGN DEPOSITS WITH JAPANESE BANKS WERE ARRANGED BY GOJ), THIS WAS THE FIRST NET INFLOW OF LONG-TERM CAPITAL SINCE MAY 1971. MOF SOURCES ATTRIBUTED THE INFLOW TO A CONTINUING INCREASE IN PURCHASES OF JAPANESE STOCKS BY NON-RESIDENTS AS WELL AS BOND ISSUES ABROAD BY JAPANESE ENTERPRISES.

3. TRADE BALANCE IMPROVEMENT OF \$1,192 MIL REPRESENTS NORMAL RECOVERY FROM JAN'S SEASONAL DECLINE. MOF OFFICIALS NOTED THAT \$470 MIL DEFICIT IN SERVICES AND TRANSFERS WAS \$91 MIL DROP IN DEFICIT RELATIVE TO PRIOR MONTH; OFFICIAL SAID REDUCED DEFICIT REFLECTS SMALLER TRANSPORT PAYMENTS AS IMPORTS DECLINE PLUS SEASONAL UPSWING IN REMITTANCES TO JAPAN FROM FOREIGN SUBSIDIARIES.

4. ON SEASONALLY ADJUSTED BASIS, TRADE SURPLUS INCREASED \$160 MIL TO REACH \$827 MIL LEVEL. EXPORTS (F.O.B., SEASONALLY ADJUSTED) DECREASED \$391 MIL (7.4 PERCENT). HOWEVER, IMPORTS (F.O.B., SEASONALLY ADJUSTED) DROPPED \$551 MIL (12.0 PERCENT); THIS WAS THE SHARPEST MONTHLY PERCENT DECLINE EVER.

5. OVERALL BALANCE REGISTERED \$270 MIL SURPLUS; INCREASE IN COMMERCIAL BANKS' SHORT-TERM NET POSITION WAS \$190 MIL AND SURPLUS OF OFFICIAL SETTLEMENTS BALANCE WAS \$460 MIL. PUBLISHED OFFICIAL RESERVES INCREASED \$459 MIL FROM JAN LEVEL TO \$13,968 MIL. GOLD AND FOREIGN EXCHANGE TOTALED \$12,678 MIL, GOLD TRANCHE \$746 MIL, AND SDR'S \$544 MIL.

6. FOLLOWING ARE PRELIMINARY MOF DATA ON FEB BALANCE OF PAYMENTS IN MIL DOLLARS (IMF BASIS, NOT SEASONALLY ADJUSTED). ALL ITEMS ARE PLUS (I.E. RECEIPTS OR INCREASES IN NET RECEIPTS OVERBIL UNLESS SHOWN AS QTE MINUS UNQTE).

	FEB	JAN		
	PROVISIONAL	REVISED	CHANGE	
(1) CURRENT BALANCE	140	MIN 1,143	1,283	
TRADE BALANCE	610	MIN 582	1,192	

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PAGE 03 TOKYO 03493 180629Z

EXPORTS	4,360	3,616	744
IMPORTS	MIN 3,750	MIN 4,198	448
SERVICES AND			
TRANSFERS	MIN 470	MIN 561	91
(2) LONG-TERM CAPITAL	240	MIN 198	438
(3) BASIC BALANCE	380	MIN 1,341	1,721
(4) NON-MONETARY SHORT-TERM			
CAPITAL AND ERRORS AND OMISSIONS			

COMBINED MIN 110 99 MIN 209
(5) OVERALL BALANCE 270 MIN 1,242 1,512
(6) COMMERCIAL BANKS SHORT-TERM
NET POSITION 190 1,211 MIN 1,021
(7) OFFICIAL SETTLE-
MENTS BALANCE 460 MIN 31 491

7. SEASONALLY ADJUSTED TRADE DATA (IMF BASIS) AS FOLLOWS:

	FEB	JAN	
	PROVISIONAL	REVISED	CHANGE
EXPORTS	4,871	5,262	MIN 391
IMPORTS	MIN 4,044	MIN 4,595	MIN 551
BALANCE	827	667	160

8. NOTE: RATES OF EXCHANGE SED BY MOF TO CONVERT TO
DOLLAR BASIS WERE 292.76 YEN PER DOLLAR FOR FEB AND
299.80 YEN PER DOLLAR FOR JAN.
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